

Message Text

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C O N F I D E N T I A L BERN 0550

EXCON FOR COMMERCE

E.O. 11652: GDS

TAGS: ESTC SZ

SUBJ: SWISS SALES OF MACHINE TOOLS WITH NUMERICAL CONTROLS TO THE
USSR

REF: STATE 025034

1. SUMMARY. THE EDO HAS FOR THE THIRD TIME RAISED INFORMALLY WITH MAX KRELL OF THE DIVISION OF COMMERCE THE QUESTION OF WHETHER THE SIP AND DIXI MACHINE-TOOL MODELS CITED IN REFTTEL FALL UNDER THE CRITERIA OF PARAGRAPH 1091 OF THE INTERNATIONAL LIST. FROM KRELL'S RESPONSE IT WOULD APPEAR THAT IN HIS VIEW OUR REPEATED INQUIRIES RAISE THE QUESTION OF CREDIBILITY OF SWISS ADHERENCE TO THE GENTLEMEN'S AGREEMENT, OR IN HIS WORDS QUOTE A POSSIBLE ATTEMPT AT EVASION ON THE PART OF THE SWISS AUTHORITIES. UNQUOTE. HE HAS ASKED THAT THE EMBASSY RAISE THE ISSUE FORMALLY WITH THE DIVISION OF COMMERCE. END SUMMARY.

2. KRELL'S POSITION SEEMS TO BE THAT IF THE MACHINE TOOLS DO FALL UNDER THE CRITERIA, THE SWISS WERE OBLIGED TO REPORT; SINCE THEY DID NOT, THE TOOLS DO NOT FALL UNDER THE CRITERIA; AND THAT BEING THE CASE, ARE WE ACCUSING THE SWISS OF EVASION OF THE GENTLEMEN'S AGREEMENT. THE EDO ASSURED KRELL THAT THE USG IS NOT SUGGESTING THAT AN EVASION OF THE GENTLEMEN'S AGREEMENT HAS TAKEN
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PLACE. WHAT WE ARE ASKING IS WHETHER THE SWISS AGREE

WITH THE US POSITION THAT FORMER IL 1002 EQUIPMENT INCORPORATING N/C OR CNC UNITS ARE EMBARGOED BY IL 1091 BY VIRTUE OF THE FACT THAT THEY HAVE SUCH CONTROL UNITS, AND HAVE BEEN EMBARGOED SINCE 1972 AT LEAST. KRELL SAID HE COULD NOT RESPOND TO THIS QUESTION UNTIL IT WAS RAISED FORMALLY, SINCE THE PROBLEM WAS RATHER TECHNICAL AND HE WANTED TO BE SURE THERE WERE NO MISUNDERSTANDINGS. HE ALSO SAID THAT IT WOULD BE EASIER TO PURSUE THE CASE IF THE MACHINE TOOLS INVOLVED INCORPORATED US-MADE COMPONENTS. THE EDO SAD IT WAS HIS UNDERSTANDING THAT THE MACHINES WERE COMPLETELY SWISS MANUFACTURE, AND THAT THE US POSITION IS THAT THEY FALL IN THE CATEGORY OF STRATEGIC GOODS AND SHOULD BE REPORTED UNDER THE GENTLEMAN'S AGREEMENT.

3. THE EMBASSY WILL RAISE THE QUESTION FORMALLY UPON RECEIPT OF COPIES OF THE OLD AND NEW IL 1091 DEFINITIONS. IF THERE IS ANY ARGUMENTATION AS TO WHY US LICENSING AUTHORITIES CONSIDER THAT THE SIP AND DIXI MACHINE TOOLS ARE COVERED BY THE IL 1091 DEFINITIONS IN ADDITION TO THAT CONTAINED REFTTEL AND IN THE IL 1091 DEFINITIONS THEMSELVES IT WOULD BE APPRECIATED. OTHERWISE WE WILL PROCEED ON THE BASIS OF THE DEFINITIONS AND THE INFORMATION ALREADY PROVIDED.

4. IT SHOULD BE NOTED THAT AS NON-MEMBERS OF COCOM, SWISS PRESUMABLY WOULD HAVE NO KNOWLEDGE OF THE NEW IL 1091 DIFINITION DISICUSSED IN PARIS DURING ROUND IV (PARA 1 REFTTEL).
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